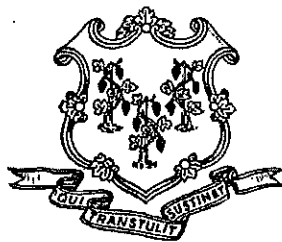


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Testimony of Senator Mae Flexer
In Support of House Bill No. 5211, *An Act Concerning Certificates of Need*
Public Health Committee
February 24, 2016

Good morning Senator Gerratana, Representative Ritter, and distinguished members of the Public Health committee. My name is Mae Flexer, State Senator for the 29th District. Thank you for the opportunity to speak today in support of House Bill 5211, *An Act Concerning Certificates of Need*. I want to thank the committee for raising this important proposal.

In a small state like Connecticut, our hospitals are a vital lifeline for our communities. They provide urgently needed care and employ hundreds of local residents.

Last year, Hartford HealthCare announced the elimination of the critical care unit at Windham Community Memorial Hospital, resulting in the reduction of patient beds from 87 to 32, and cutting over 100 staff positions. The state Office of Health Care Access (OHCA) determined that issuance of a Certificate of Need (CON) was not needed in this case, meaning that the residents of our communities lost services and lost jobs without any opportunity to voice their concerns or objections in a public forum.

That is unacceptable.

Since absorbing Windham Hospital into its network, Hartford HealthCare has been reducing beds and services there for a number of years. This has resulted in lost revenue for Windham Hospital. In the meantime, the other hospitals in the Hartford network—Hartford Hospital and Backus Hospital—have seen increases in revenue. Certainly the residents of our communities have not suddenly become healthier, and certainly their health care needs have not suddenly declined.

What is obvious to me is that large health networks are putting financial concerns over the needs of the community. While I understand the need for cost savings measures in any given industry, our hospitals are different. Reducing staff and services have a real and detrimental effect on local communities. Removing a critical care unit or obstetrics for childbirth mean residents must travel longer distances for urgent care at greater expense.

Many residents of our communities are poor, and public transportation is already severely limited. The consequences of limiting access to care in a place like Windham are clear. It burdens the community, threatens their health, and severs their connections with medical staff.

House Bill 5211 would ensure that a CON issuance would be required and a public hearing be mandatory whenever a reduction of specialty services of 50 percent or greater is proposed. Further, the bill would ensure that OHCA take into consideration that proposals for reduced services will continue to meet the health needs of the community and region served.

These changes are the right step forward to ensure greater fairness in the CON process, and more security for affected communities. Reductions in staff and services like those undertaken at Windham Hospital are tremendously disruptive. Local residents have the right to be heard on these issues, and the state has an obligation to ensure they have input.

To put it plainly, critical health care services have been decimated in the Windham region by Hartford HealthCare. Hundreds of members of our community spoke up and asked OHCA to hear their concerns about Hartford HealthCare's plans. OHCA failed to act and denied our community that hearing. OHCA simply took the word of Hartford HealthCare and ignored our voices.

OHCA was created more than twenty years ago to protect the voices of the public and ensure access to quality care. Today they fail in that mission. Therefore this legislature has an obligation to strengthen the statute governing OHCA and ensure that the public's voices are heard when serious changes are being made to our health care delivery systems.

Please read the attached editorial from Willimantic Chronicle editor Charles Ryan. It is a cautionary tale of what a large healthcare system that cares more about making money than the community they are charged to serve can do to a small community hospital. It has happened to Windham, but it could happen to your community next.

I implore this committee strengthen and act on the proposal before you. The legislature must act to protect healthcare systems in our state and vulnerable communities like Windham from the future erosion of services.

Thank you very much for your consideration.

Is Hartford HealthCare helping Windham?

By CHARLES C. RYAN

David Whitehead, the former president of Hartford HealthCare's East Region, which includes Windham Community Memorial Hospital, The William W. Backus Hospital in Norwich and Natchaug Hospital in Mansfield, was promoted to a new position in December 2015.

His new title is vice president and chief strategy and transformation officer for Hartford HealthCare.

Whitehead took charge of Windham Hospital in 2009.

When Hartford HealthCare merged Windham Hospital into its operations in 2008 the hope and understanding of the hospital board and community was that the local facility would survive and possibly prosper.

Windham Hospital's Board of Corporators believed the merger was necessary because the hospital had been struggling financially for several years.

Even though Windham Hospital's annual report showed it finished in the black three out of the five years from 2003 to 2007, it had an average operating loss of \$136,733 per year during that period.

In 2003, the hospital reported a loss of \$3,649,592 and it lost \$164,144 the following year.

In the first year of the merger, 2008, Windham Hospital reported it finished the year \$2,092,451 in the black, in large part due to a one-time state hardship grant of \$1.5 million, according to documents filed with the state Office of Health Care Access.

Windham Hospital has not finished a year in the black since then, losing an average of \$3,395,911 a year, from 2009 to 2015.

The sad financial report for the losses for each of those years is as follows:

2009	\$1,185,004
2010	\$1,662,820
2011	\$4,062,810
2012	\$713,336
2013	\$7,218,544
2014	\$4,533,179
2015	\$4,395,682

So, what happened to helping Windham Hospital prosper? Even more important, what happened to helping Windham Hospital survive?

Or was the game plan to do what was best for Hartford HealthCare and not necessarily what was best for Windham Hospital and its patients?

It is not normal for someone to get a significant promotion after losing an average of \$3.4 million a year for seven years, which is nearly 24 times as much as Windham lost each year before the takeover.

Yet, Whitehead was promoted, with a presumably higher salary than the \$1 million-plus a year he was making for supervising the eastern region.

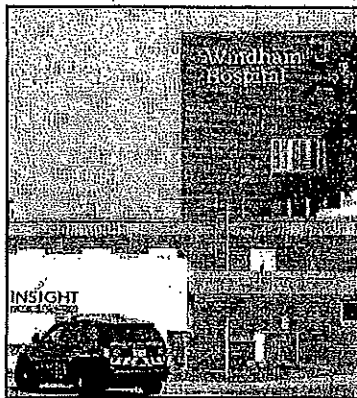
Why?

If you look at the numbers for Backus Hospital over the same time frame, you will find a partial answer. Over the six years from 2009 to 2014, Backus ended each year an average of \$30,491,512 in the black. The earnings peaked in 2014 at \$57,703,715 compared to Windham's loss of \$3,794,170.

Remember, Whitehead's new title includes the words "strategy" and "transformation."

Is it possible he has been practicing for the position by finding a strategy for Hartford HealthCare to benefit from Windham

Commentary



Hospital's assets — its patients?

Certainly he has been transforming the hospital by steadily reducing its capabilities and earning power.

A great deal of a hospital's revenue is generated by patients. The more patients who pay, the more income.

Windham's patient revenue went from \$81,011,511 in 2008 to a high of \$87,083,196 in 2012. Then, possibly around the same time a floor of patient beds was closed at Windham, the patient revenue dropped by \$10 million a year to \$76,714,489 in 2013, \$77,506,994 in 2014 and 77,601,420 in 2015.

An additional \$10 million a year in revenue for each of those years would have offset part of the operating losses of \$7.2 million in 2013 and \$4.5 million in 2014. (The full amount can't be applied since more nurses and other employees would have been needed to serve the higher patient volume.)

The floor of patient beds was reportedly closed because of a low occupancy rate, called a "national trend."

But the simple truth is that the fewer beds a hospital has, the less revenue it can earn. It does not seem a coincidence that Windham's losses increased and revenue decreased when there were fewer beds available to occupy.

An empty bed costs a hospital very little, since staffing is based on occupancy. But having no beds available means a hospital loses potential patient income when those patients go to, or are referred to, another hospital.

The patient revenue at Backus Hospital went from \$259,652,271 in 2009 to \$293,617,939 in 2014, according to documents filed with the state Office of Health Care Access. It seemed to buck that "national trend."

For comparison, Hartford Hospital finished 2013 \$37 million in the black and \$62 million in the black in 2014. For those same years, Hartford's patient revenue was \$903 million in 2013 and \$976 million in 2014.

Needless to say, the "profits" made by Backus and Hartford more than offset the losses by Windham Hospital.

One might hypothesize that fewer people in the vicinity of Windham Hospital have been getting sick or fewer have needed hospitalization.

Or is it possible, even likely, many patients who show up at the doors of Windham Hospital are referred to the facilities at Backus or Hartford hospitals?

So, have there been fewer sick people in the Windham area over the last several years,

fewer needing medical attention?

Which begs the question: Has the number of patients visiting Generations Family Health Center in Willimantic slacked off the past few years?

According to Generations Chief Executive Officer Arvind Shaw, more patients have been treated at Generation's new facility that in previous years.

Shaw said in 2012, there were 6,673 medical visits to Generations new facility at 40 Mansfield Ave. in Willimantic.

That increased to 7,200 in 2013 and 7,117 in 2014.

Generations is a licensed ambulatory care facility. It does not have hospital beds as such, since it does not keep patients overnight.

Clearly, there has been no decline in the number of people needing medical care over the past few years. Quite the opposite, as the increase in numbers at Generations and Hartford and Backus hospitals show.

So, why have there been fewer patients, and more important, less patient revenue at Windham Hospital under Whitehead's care?

Back before Hartford HealthCare took over the operations of Windham Hospital, most local supporters of the hospital saw Hartford HealthCare as a savior.

Perhaps, it would have been wiser to have looked at it as a possible corporate raider.

And unlike the film "Pretty Woman," in which corporate raider Edward Lewis (Richard Gere) was pursuing a hostile takeover of family-owned Morse Industries, while having a dalliance with a young lady, Vivian Ward (Julia Roberts), this takeover doesn't appear it will have a happy ending unless someone rewrites the script.

Many local and state officials have expressed dismay at Hartford HealthCare's reduction of beds at Windham Hospital and its plan to change the critical-care unit into a progressive-care unit and at the overall reduced level of service with fewer patient beds available.

Adding more capabilities for care of the elderly, as has been proposed, makes sense, but it is unlikely it will stop the financial bleeding.

Besides, it is very likely residents who normally would have gone to Windham Hospital with a serious illness may become less willing to do so if they believe they will no longer receive the full support of a critical care unit with fully trained physicians and nurses.

There is a possible solution, if all of those local officials and politicians who have expressed concern are willing to, as they say, put their money where their mouth is.

Officials from Windham, Mansfield, Coventry, Lebanon, Columbia and other towns served by Windham Hospital should form a task force, involving state officials, to take the hospital back from Hartford HealthCare.

That may require an independent investigation into what has actually taken place at Windham Hospital since 2009.

Those officials should also be prepared to improve the hospital's financial operations by hiring a CEO capable of making medical and financial improvements without expecting an exaggerated salary. The towns also, should be prepared to budget the funds each year to cover potential operating losses.

That is the only way Windham Hospital will ever become a fully functioning hospital again.

Ryan is the editor of the Chronicle.

